

Message Text

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ACTION EB-07

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FM AMEMBASSY BUENOS AIRES

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E.O. 11652: N/A

TAGS: BEXP, ETEL, AR

SUBJ: COLOR TV

1. ARGENTINA MAY BE AGAIN ON THE BRINK OF DECIDING ON WHICH COLOR TV SYSTEM - PAL, NTSC OR SECAM - IT WILL CHOOSE. THE ISSUE HAS ARISEN THIS TIME BECAUSE ARGENTINA IS REQUIRED TO BROADCAST THE WORLD SOCCER CHAMPIONSHIP, TO BE HELD IN ARGENTINA IN 1978, IN COLOR FOR OVERSEAS AUDIENCES. COLOR TV MAY BE INTRODUCED DOMESTICALLY AT THE SAME TIME, ALTHOUGH ARGENTINA COULD RENT THE NECESSARY EQUIPMENT TO BROADCAST THE GAMES IN COLOR TO OVERSEAS AUDIENCES. THE EMBASSY BELIEVES THAT THE ODDS ARE MORE OR LESS EVEN THAT THIS DECISION WILL BE MADE IN THE NEXT FEW MONTHS. IF US FIRMS ARE INTERESTED IN MAKING A SALE THEY SHOULD SHOW MUCH GREATER INTEREST THAN THEY HAVE TO DATE. EVEN IF THE DECISION WERE NOT TAKEN DURING THIS ROUND, A DEMONSTRATION OF NO INTEREST SUCH AS WE HAVE SEEN SO FAR CAN ONLY DIMINISH THEIR CHANCES FOR THE FUTURE.

2. THERE ARE TWO SEPARATE ISSUES TO BE CONSIDERED BY THE USG AND US EXPORTERS AS FAR AS COLOR TV FOR ARGENTINA IS CONCERNED. THE FIRST ISSUE, WHICH HAS POLITICAL OVERTONES, IS THAT OF THE CHOICE OF WHICH OF THE THREE EXISTING COLOR TV SYSTEMS ARGENTINE WILL USE. FROM A CULTURAL POINT OF VIEW, IT MAKES LITTLE DIFFERENCE TO THE USG WHICH SYSTEM IS ADOPTED.

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THE US CAN CONTINUE TO INTRODUCE ITS PROGRAMS VIA THE FILM MEDIUM,

AND IF ARGENTINE SHOULD SET UP A SPECIAL CONVERSION STATIONS, US BROADCAST COULD BE RECEIVED DIRECTLY. HOWEVER IT IS WORTH NOTING THAT SHOULD ARGENTINA CHOOSE SECAM (THE FRENCH SYSTEM) ARGENTINE WOULD BE OPENING ITSELF UP TO MORE DIRECT TV MEDIA INFLUENCE FROM NOT ONLY FRANCE, BUT THE COMMUNIST COUNTRIES. ALSO SHOULD ANYTHING BUT NTSC BE CHOSEN, THE ARGENTINES WOULD BE LIMITED IN THEIR ABILITY TO EXPORT LOCALLY PRODUCED PROGRAMS TO THE SPANISH SPEAKING AMERICAN COUNTRIES WITH COLOR TV, MOST OF WHICH HAVE OPTED FOR NTSC.

3. THE SECOND ISSUE IS A PURELY COMMERCIAL ONE - WHO WILL SUPPLY THE REQUIRED EQUIPMENT? THERE IS AN IMPORTANT SALE OF TV CAMERAS AND STUDIO EQUIPMENT TO BE MADE, VALUED AT \$6-8 MILLION DOLLARS. (THIS IS THE ONLY EQUIPMENT TO BE PURCHASED WHICH DEPENDS ON THE TYPE OF SYSTEM CHOSEN). US FIRMS WOULD SUPPLY THIS EQUIPMENT IF EITHER PAL (THE GERMAN SYSTEM) OR THE US'S NTSC WERE CHOSEN, EITHER FROM THE US OR IN THE CASE OF THE US MULTINATIONALS, FROM EUROPE OR JAPAN. THIS FACT, WE BELIEVE, ACCOUNTS FOR THE LACK OF INTEREST ON THE PART OF US MANUFACTURERS IN WHICH OF THESE TWO SYSTEMS IS CHOSEN BY ARGENTINA. US FIRMS DO HAVE A COMMERCIAL INTEREST, NEVERTHELESS, IN SEEING THAT SECAM IS NOT ADOPTED. HOWEVER, THEY SEEM TO BELIEVE THAT SECAM DOES NOT HAVE MUCH OF A CHANCE.

4. WE BELIEVE THAT THE ONLY WAY TO STIMULATE THE INTEREST OF US FIRMS IN THIS SALE IS TO IGNORE THE QUESTION OF WHICH SYSTEM MAY EVENTUALLY BE CHOSEN HERE, AND FOCUS ON THE COMMERCIAL OPPORTUNITY - I.E., THE \$6-8 MILLION DOLLAR SALE OF TV CAMERAS AND STUDIO EQUIPMENT. THEREFORE, WE RECOMMEND THAT USDO AND STATE URGE US INDUSTRY TO PREPARE AN OFFER OF EITHER NTSC OR PAL EQUIPMENT, OR BOTH, WITH EXIMBANK FINANCING, AND PRESENT IT TO THE GOA. FINANCING IS AN ESSENTIAL PREREQUISITE FOR OBTAINING THIS ORDER BECAUSE OF THE GOA'S DWINDLING FOREIGN EXCHANGE RESERVES. IN FACT, FINANCING COULD BE THE KEY DETERMINANT IN THE ARGENTINE DECISION.

TIMING IS A PROBLEM HOWEVER US FIRMS CANNOT WAIT UNTIL THE CHOICE OF A SYSTEM IS MADE, OR THEY WILL NOT BE CONSIDERED AS SUPPLIERS. IF, AS ANTICIPATED, PAL IS CHOSEN, THE GERMANS WILL LIMITED OFFICIAL USE

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HAVE SEWED UP THE ORDER BY THEN. IF US FACTORIES ARE NOT TO BE SHUT OUT OF THE COMPETITION ALTOGETHER, THEY MUST ENTER THE FRAY AS SOON AS POSSIBLE, NOT WITH THE IDEA OF INFLUENCING THE CHOICE OF SYSTEMS, BUT WITH THE IDEA OF MAKING A HARD COMMERCIAL OFFER.

6. THE FRENCH HAVE BEEN WORKING VERY HARD AT SELLING SECAM. WE ARE NOT AS CERTAIN AS LOCAL INDUSTRY REPS APPEAR TO BE THAT

SECAM DOES NOT HAVE A CHANCE OF BEING ADOPTED. PRESUMABLY, THE GOA AND THE USG HAVE A POLITICAL INTEREST IN NOT HAVING SECAM ADOPTED HERE BECAUSE THIS SYTEM WOULD GIVE EASIER ACCESS TO COMMUNIST BLOC PROGRAMS. WE THEREFORE RECOMMEND THAT THE USG ENCOURAGE US INDUSTRY TO MAKE AVAILABLE TO THE ARGENTINE AUTHORITIES A CONTINUING FLOW OF INFORMATIONABOUT THE NTSC SYSTEM, HIGHLIGHTING ITS ADVANTAGES IN TERMS OF POTENTIAL FOR EXPORT OF ARGENTINE PROGRAMS WHILE POINTING OUT THE POLITICAL DISADVANTAGES OF CHOOSING SECAM. WE FURTHER RECOMMEND THAT MEANS BE FOUND TO INVITE TWO OR THREE GOA OFFICIALS TO THE US IN THE IMMEDIATE FUTURE TO STUDY THE NTSC SYSTEM. AN OPTION OPEN TO US AND WHICH WASHINGTON AGENCIES MAY WISH TO CONSIDER IS TO OPENLY SUPPORT THE CHOICE OF THE PAY SYSTEM AND ATTEMPT TO WORK OUT A COMMERCIAL ARRAGEMENT WITH THE GERMAN, WHICH WOULD ENABLE US SUPPLIES TO SUPPLY PART OF THE EQUIPMENT FROM THE US.

7. ACTION RECOMMENDED: RECOMMEND ACTIONS MENTIONED IN PARA 4 AND 6 BE UNDERTAKEN. IT WOULD BE ESSENTIAL FOR ANY FURTHER ACTION ON THE COMMERCIAL ASPECTS OF THIS MATTERTHAT ONE OR MORE US SUPPLIERS OF TV CAMERAS AND STUDIO EQUIPMENT BE INTERSTED IN MAKING A PROPOSAL. PLEASE ADVISE RESULTS OF CONSULTATIONS WITH THE INDUSTRY.
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